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RESEARCH ON THE ASSESSMENT OF THE ROOT CAUSES OF  
EMPLOYEE TURNOVER: IN CASE OF CONSTRUCTION AND  
BUSINESS BANK

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## ABSTRACT

The main purpose of the study constructed on the assessment of the root causes of employee turnover: In case of construction and Business Bank. If turnover occur in the bank, it loss the key manpower resources to accomplish organizational activities.

The study population was largely consented on employees who are subject to turnover from this bank. Data have been collected from such employees, existing employees, personnel department, and trade union of the bank. The method of data collection are through questionnaires and interviews by using quota sampling. This study provides relevant data or information bout the root causes of turn over for this bank. In addition, this study may provide a new insight of reducing turnover and it is important, at least, to minimize the severity of turnover in this bank and it may point the way of taking corrective action to the management in order to accomplish its goals and objective efficiently and effectively.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Historical Back ground of construction and Business Bank

Many historical resources indicated that the first people to have began the concept of banking operation believed to be the gold smiths: It is believe that banking was practiced by Babylonians, Africans, Romans, Ethiopians for several year. Banking functions have been performed ever since man started using money.

Modern banking in Ethiopia began in 1905 during the region of Emperor Menilk II. This was the time when the Bank of Abyssinia was first established in Addis Ababa under 50 year franchise agreement with the British owned national Bank of Egypt. Bank of Abyssinia, the foreign bank, was accused of inefficiency and purely profit motivated activities and was liquidated. The Bank of Ethiopia, which was a purely Ethiopian institution was established on August 29, 1931 by an official degree.

At the time of the Italian occupation many branches of the Italian main banks such as Bankod Italia bancod'Roman, Bancod' Napolian, Banco Nazode del lavoro were operating in Ethiopia. After the Italian were defeated by day bank entered with the British army and operated until the establishment of the state Bank of Ethiopia.

Construction and Business Bank established for the purpose of encouraging standard house construction in the country with a long term loans, at low interest rate. Its head office found at Addis Ababa which is in front of Addis Ababa commercial college. It has 20 branches, of which the five are city branches and the remaining 15 are outlying branches most of the branches of the bank's are located in business developed centers. At present, head office, main branch and only one city branch are major computerized project. This includes the implementation of selected modules of BANK MASTER, Software, license from foreign software house caused kindle banking system. Besides,

computerization plan of the remaining city branches and main outlying branches in underway.

Construction and Business Bank evolved from the merger of two financial institutions.

1. The Imperial Savings and Home Owners Association (ISHOPA)

- It was established on April 30, 1962
- Its purpose were encouraging savings, providing loans for residential houses at a low interest rate, and providing loan individuals under the guarantee of their savings.

2. The savings and mortgage corporation

- It was established in 1965
- Its main purposes were to accept savings, and trust deposits accounts by paying interest in order to encourage savings, provide loans for the constructions, repair and improvement of residential houses, commercial and industrial buildings, provide special loans under personal guarantees and carry out an activities related to mortgage operations. Which were nationalized and formed housing and savings Bank at the on set of the socialist Era of Ethiopia

The merger of two financial institutions was made in 1975 and the successor of the two banks, Housing and savings, bank operated until August 1994. The main reason for the establishment of housing and savings bank (HSB) was the need to encourage and future accelerate the rate housing construction for the improvement of the living standards of urban dwellers with 6 million capitals. In mid 1992 economic reformation program taken by the government for the objectives of:

1. Stabilizing the economy
2. Deregulating economic activity

Construction and Business bank converted from Housing and saving Bank to a universal bank that would enable it to carry out commercial bank activities in addition to its previous line of business, residential and non-residential building financing.

In September 1994 Housing and savings Bank become construction and Business Bank. Under the regulation of No. 203/94.

\* In our world, organizations operate by the help of resources that they have. Some of their resources may be financial, raw materials, other tangible and intangible resources, and manpower who is the key resources to accomplish the organization goals and objectives. Managing these resources and utilizing them properly is the key for the success of organization. Poorly managing resources have adverse effects on the performance and continuity of the organization.

\* Not only to the largest investment but also to small investment organizations managing, motivating, up grading, and retaining their employees are a vital role for the bright fate of the organization. But due to the absence of such activities some organizations are suffering from employees turn over.

\* Turnover is exit of employees from their job. This affects the organization activities as a successful entity. The cost of recruitment and training of new employees, the wastage of time and loss of production in the gap of exit and the newly hired employees is pain for the organization. Besides this, the wastage of resources till the newly employed worker specializes in his work has a significant effect on the performance of the business activities.

Thus, understanding the cause for turnover and finding techniques and mechanisms to alleviate this problem is the role of effective and talented managers



and information analysts in the organization with such problems. Since turnover is an indicator of some problem that do not suit to the employees the existence of problems that affect the employees are the result of the existence turnover in the organization.

Construction and Business Bank has twenty (20) branches of which, the five are city branches and the remaining fifteen (15) are outlying branches in selective business areas. This organization by itself is one of those organizations being affected by employee turnover. In its all branches the organization has significant amount of turnover that have negative impact on its operation.

Regardless of facilities available for employees in Addis Ababa branches center there are also suffering from this problem.

✧ The need that initiated me to satisfy this is my desire to at least, point out the reasons root not causes that being turnover in this organization and to create some awareness in the mind of management to work against it to alleviate this problems. Till this days no significant measure is being taken to minimize the problem. This is indicated by non-reduction of turnover rate since few years of back. There fore, it is desirable to display the causes of turnover to the management so that they will take counter action on it.

## **1.2 Statements of the problem**

Bank services are very important in day to day business activities to improve individual life, especially for urban center bank plays a great role.

To day in the business world there is high competition on market share, public image, as well as on the magnitude of profit. However, construction and Business Bank is not much successful, even if it has a long life. This is because of high employees' turn over from such organization.

Turnover in this bank leads to the loss of competent employees, which in turn lead to delay the activities of the bank that would have to be done on time. The delays of activity result in customers' dissatisfaction which can ended with reduction in market and profitability.

There fore, turnover has a chain of negativity effects on the construction and Business Bank's operation and avoiding this problems will help to regain the lost opportunities of the organization.

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### **1.3 Objectives of the study**

This study concisely sets out the framework of the investigation on the root causes of employment turnover: In case of construction and Business Bank.

#### *Specifically it will aim at understanding:-*

- The needs of employees at the bank
- The action being taken by the bank to standardize the employees need
- The nature of tasks and environment, that is at the disposal of employees
- The nature and level of human resource management efforts
  - the level and nature of promotion
  - the availability of training and development opportunity

#### **1.4 Significance of the study**

To achieve organizational goals and objectives efficiently and effectively, with in appropriate time and simultaneously to satisfy customer needs, the organization must use experts and talented manpower. So employees needs are maintain in order to the successfulness of the organization goals.

The significance of this study is to assess the root cause of turnover the case of construction and Business Bank, and help to reduce the severity of this problem in this organization.

In addition, this study may provide anew research highlight in reducing the severity of turnover in this organization and it give awareness to the management over such factors. It also points the possible recommendation for the management to alleviate this problem. At least, in certain extent to operate the activities of such bank properly.

### **1.5. The scope of the study**

The study will be confined to construction and Business Bank which is the only bank that to give mortgage (long term credit) for the purpose of construction of hotels, standard house and improvement turisms and living standards of the people in Ethiopia especially for urban people.

In addition, it gives commercial activities like other banks. Major department and sections of the bank are covered in this paper. The time span which the study covered from 1997-2001.

## **1.6 Materials and Methods (Methodology)**

This study has been carried out in construction and Business Bank at the head office and city branches in Addis Ababa and Jimma branch.

The over all circumstance of constructions and Business Bank are the following:- it has 20 branches of which, five are city branches and the remaining fifteen branches are outlying. The total number of population (employees) are 712 of which, 340 are college Diploma, Bachelor Degree, and Masters the remaining 372 are from grade one up to 12 complete.

This study has been conducted to find the variables or factors that causes turnover in this organization. The relevant data have been collected from different employees groups and department in the organization and out sides it such as: -

1. Employees who left the organization -
2. Employees in the organization
3. Personnel department and as well as trade union.

I will expect relevant and reasonable current data or information from employees who are exist in the organization. Because most of the time turnover occurs on qualified employees rather than other employees and they may have knowledge about the overall condition of the organization, the attitude of employees, and root causes of employee turn over in this bank.

The important methods for relevant data collection are questionnaires and interview. Questionnaires have open-ended and closed-ended parts, to limit and to allow the interviewee responses.

In interview I would like to follow unstructured type of interview, because additional questions may arise form the interviewee responses.

Data have been collected through sampling because most of its branches are found indifferent regions. Such sampling have been quota sampling, this quota sampling is non- probability sampling procedure that ensures certain characteristics of a population sample have been represented to the exact extent that the investigator desire. This sampling has the following advantages.

1. Speed up data collection
2. Lower cost for data collection
3. Convince

( William G. Zikmund, 1997)

The population sample sizes are 60 employees who are exist in the organization. The data collected have been analyzed by employing appropriate techniques that have been easily display the core of findings graphical and percentage to make it understandable.

The report also is written in attractive and precise way, so that any readers can refer it for any purpose he or she may need.

Finally, using necessary tools that enables the audience to get the main theme of the study has carried out the presentation.

## **1.7 Limitation of the study**

Analysis of turnover causes are very complex task, that is to say in analyzing of turnover the possible causes suggested are subjective and vary from one individual to other according to his/her opinion (experience) and the possible causes used was by taking majority response and generalizing.

The things which made the work difficult was to conduct employees who are left the organization and the organization haven't a post interviewing because post interviewing is not common in this bank but also in other organization. Post interviewing is very important to specified the root causes of employees turn over in the organization because the interviewee or the employees who are left the organization feel free to response any questions that are raised by the bank and few respondents do not return the questionnaires that is employees that exist in the organization.

So this research paper highly depend on the responses provided on the questionnaire distributed for to those employees who are<sup>2</sup> working in the bank, exit questionnaires, personnel department and some very few employees who are left the bank. So that the root causes suggested would be similar to those of friends who left the organization.



## **CHAPTER - 2**

### **LITERATURE REVIEW**

Many authors write about the concept of turnover in different, Human Resource Management books but all have relatively the same meanings. However, for the study of this proposal turnover defined as follows. Turnover is the exit of employees from their job.

Turnover is a symptom of employee's problem in the organization. It's not a disease. We may blame turnover for low morale, customers' dissatisfaction, and lack of teamwork. Often the reverse is true. The event called "Turnover" is due to inefficient management of supervision inadequate training, and lack of procedures that result in low morale, customer dissatisfactions, and lack of teamwork. Ineffective management, low morale, and the result (or symptom) is turnover. However, because we do not want to point our fingers or blame the manager, we say those turnover causes the problems. Turnover is an indicator that some thing is not right, but it does not cause events.

Certain factors of turnover are truly beyond the control of managers in the organization. Economic conditions can strongly affect turnover. Such economic condition also affected by employment that is, a supply and demand event.

There are many factors that cause turnover. Such as earnings of hourly rate and opportunity for raises, feelings of not doing well at the job which concerns of not ever being able to enjoy the feeling of doing well and feeling of not fitting in, involuntary termination by the cause of lateness, absenteeism rule violations, and over qualification possessing skills in other job categories.

Generally, there are three types of turn over. Such as job related, non-job related, and poor fitness of the job.

**Job related:** - turnover involves factors over which the employer has direct control. Such factors are directly related and affect employees' day to day activities.

**Non-job related:-** Occurs when an associate's personal life spills over into the job. This type of turnover includes spouse relocation, substance about, family problems, or returning to school. (From Internet)

**Poor fit:-** Turnover occur when the contents of the job and the skills or experience of associates just do not fit together.

Resignation is one type of turnover, which is the voluntary separation of an employee from the organization. It should be analyzed for their implication for the organization. Although some resignation may permit to correct a mistake in staffing or bring in "New blood".

(Wendell L. French, 1998)

Many companies systematically analyze their rate of turnover, which is usually calculated as the ratio separation to total work force of some period, and attempt of maintain it with in reasonable proportion. This calculation is some times mode for particular department, division, or class of employees to identify areas where turnover is excessive.

There are several quantitative methods for computing turnover. Some of the traditional formulas are as follows: -

$$1. \text{ Separation rate} = \frac{\text{number of separation during the year}}{\text{Total number of employee at mid year}} \times 100$$

This formula is the most general and is the one recommended by the department labor.

$$2. \text{Quit rate} = \frac{\text{Total quits}}{\text{Average work force}} \times 100$$

This formula tries to isolate a difficult type of turnover.

$$3. \text{Avoidable turnover} = \frac{\text{Total Separation} - \text{unavoidable}}{\text{Average work force}} \times 100$$

This formula is the most refined; it eliminates quits by unavoidable, those groups that can be expected to leave.

One way employers analyze the turnover rate to compare the organization rate with those of other organizations. Various sources publish average turnover rates quarterly or yearly. These include agencies such as Government labor Departments, the Administrative Management Society and Bureau of National Affairs, which publishes quarterly turnover. Another approach is to analyze turnover within the organization by comparing differences in rates by employee classifications or department.

(Ivancivech, 1998)

With the first function of personnel Management being that of procuring employees from society for use in the organization, it is logical that the final function should be the return of these employees to the society.

Turnover is one type of separation process. In the broad sense "turnover" refer to the movement into and out of an organization by the workforce. This

movement is an index of the stability of that force. An excessive movement is undesirable and expensive. When an employee leaves the firm, such costs as the

Following are usually involved:- Hiring costs, training costs, the pay of a learner is in excess of what produced, accident rate of new employee are often higher, overtime pay and so on. But not all turnover is the net loss, however. Employees who are not contributing to organizational effectiveness should be retained or terminated.

( Eaduin . B. Flippo 1980)

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## CHAPTER - 3

### 3. Data presentation and analysis (Results and discussion)

#### 3.1 Interview from personnel department

In this chapter the data collected from personnel department. The interviewee responses by referring annual reports of employee turn over and exit questionnaires of the bank from the year 1997-2001. It is too important in order to know the rate of turnover and understand its severity and used to collect relevant information from personnel department.

As indicted in the literature review, turnover of employees can be analyzed by comparing its number or rates year to year or annually.

The data collected about employees turnover for the past five years have been compared from year to year to see the general trends (decreased or increased) its rate in the bank.

Year	Total No of employee	Number of turnover	Turnover ratio
1997	665	65	9.77%
1998	667	31	4.65%
1999	666	77	11.56%
2000	689	84	12.19%
2001	712	37	5.2%

**Table 3.1 Shows trends of turn over ratio**

The above table shows the general trend of turnover rate of employees from year 1997-2001. As shown in the above table the rates are increasing continuously since reaches 2000 which was the highest record from the past five years. And in 2001 the rate

of employees' turnover become less relative to the post three years. But it is still high relative to the total numbers of employee in the bank.

Although the rate of 1998 seems too small, they are likely to estimate how much cost they are incurring in relation to the rates of turnover indicated in chapter II literature review.

Most of employees who left this bank have a good status and they have long and good experience on bank activities. For these years rates of turnover were very high: largely corresponding with salary and fringe benefit because at that time many private banks were established with better scale of salary and fringe benefits than this bank.

As the result, graduated employees are forced to leave the organizations. Specially degree, masters and long year experienced diploma holder are greatly affected by afformationed problem of the organization.

A detailed analysis of each year

**During the year 1997**

During this year 65 employees have left the organization marking a turn over rate of 9.77% which is high and it affect the organization operations. Because it lost talented and well-experienced workers and enforced them to hire new employees in order to fill the gap but it takes time to give training and incurs high cost.

**During the year 1998.**

In this year 31 employees have left the bank making a turn over rate of 4.65% which is less than that of 9.77% in a year 1997 by half. But from the total number of employees as well bank activities these much numbers of employ turnover still is high and leads the bank activities more complex and difficult.

### **During the year 1999**

During this year 77 employees have left the bank making a turnover rate of 11.56%. Which is the worst than the past 2 years and the organization activities were affected and unable to compete to other banks. The weakness of the bank pointed on the exit questionnaires of the left employees. Such as arrears become increase, unable to attract potential customer groups, low market share, dissemination of its secret and lack of good image on the eyes of customers.

These and others are likely causes for the delinquency of activities and it lead to the weakness of the bank activities. In this case the bank forced to hire new employees like the past two years and lost its time and waste resources until the newly employed become well experienced in addition to incurring costs.

### **During the year 2000**

During this year 84 employees have left this bank making a turnover rate of 12.19% which was the worst of all these years. This rate of turnover becomes pain of the management because the company lost the most senior workers. The gap between the left employees and newly hired employees are high, still, this gap is not fill. On the opposite side other banks have well trained employees and they gives to their employees on job training. As the consequence of these and other problems it did not have good market share with its long time history.

### **During the year 2001**

In this year 37 employees have left the company, which makes a turnover rate of 5.2% that is the smallest from the past two-consecutive years. Of course the rate is to small when we compare to those of the past two years but from the capacity of manpower of the bank it is still high and it affects the operations of the bank. Such a decline of turnover rates are not because of the corrective action of the management but private banks tried to hired new employees rather than hiring experienced employees who ask high salary and availability of labour in the market.

From those past five years, employees' turnover are caused by so many different aspects which in term affect the employees to be dissatisfied on their job. Such aspects are respond by employees them selves on the exit questionnaire prepared by the personnel department of the bank. The small-scale salary, less cash indemnity, cancellation of annual leave, forced assignment, out dated working environmental working condition, lack of current market information and further education are the causes of turnover.

### **3.2 Questionnaire response from existing employees**

In this section of the chapter, data collected from respondents through questionnaire survey have been presented and analyzed. 60 sample questionnaires are distributed for employees of the bank at the head office and selected branches of the organization. From the distributed 60 sample questionnaires, of which 55 questionnaires were returned making the response rate 91.67% of the total sample.

The respondents were mostly cooperative in giving their brief answers to the questions; especially for those subjective types of questionnaires. And the various responses were obtained which have been presented here in head office and its different branches.

Out of 55 returned of questionnaires:

5 were from current account

3 were from saving

10 were from loan repayment

8 were from foreign exchange (foreign banking)

12 were from credit department

8 were from general account

2 were from personnel department and manpower

7 were from investment and development



From 55 returned questionnaires 9 were from the head office 2 from personnel department and 7 were from investment and development. The rest 46 were from employees of in different branches of the bank.

Reasons related from employees' turnover from questionnaires are quantified in the following table below.

	Male	Female	Total
Job related	28	11	39
Non-job related	10	4	14
Poor fit	2	0	2

Table 3.2 number of respondents on causes related on the job or not

From the above table shown most employees leave the organization because of the causes related to the job. From 55 respondents 39 employees were agreed on the causes that involve job related factors making the rate 70.91% of the total respondents.

Those jobs related factors of turn over are not causes of turnover only but these also affect the activities of organizations even before they left their jobs. Hence employees are careless for their given assignment of tasks and working conditions become affected.

This job related factors are the worst than the other factors like factors from non-job related because these factors affect the day to day activities of the bank.

In most of the returned sample questionnaires more than 90% of respondents cited are very small salary scale, job dissatisfaction, few fringe benefit forced assignment and better job opportunities are the root causes, yet they are not the only causes.

In order to have the study what caused them to be dissatisfied on the amount of salary scale and fringe benefit; whether they are satisfactory or not were asked by giving the alternatives for the statements through A- F for salary scales and through G- I for fringe benefit. The responds obtained from the questionnaires are shown in the table below.

Statement related on salary	Total numbers of respondent				
	1=Strongly disagree	2= disagree	3= undecided	4= Agree	5= Strongly agree
A= The organization pay Satisfactory for the kind of Work done	17	15	11	12	0
B = The payment has discrimination	16	14	11	13	1
C = Your organization allows keep Up employees with the cost of Living	21	20	5	8	1
D= Employees satisfy with pay Receive for their job	18	29	5	2	1
E = Employees get paid at least what They deserve	10	26	7	12	0
F= The organization understands How employee salary Determined by considering Current market of the bank	18	16	10	8	3

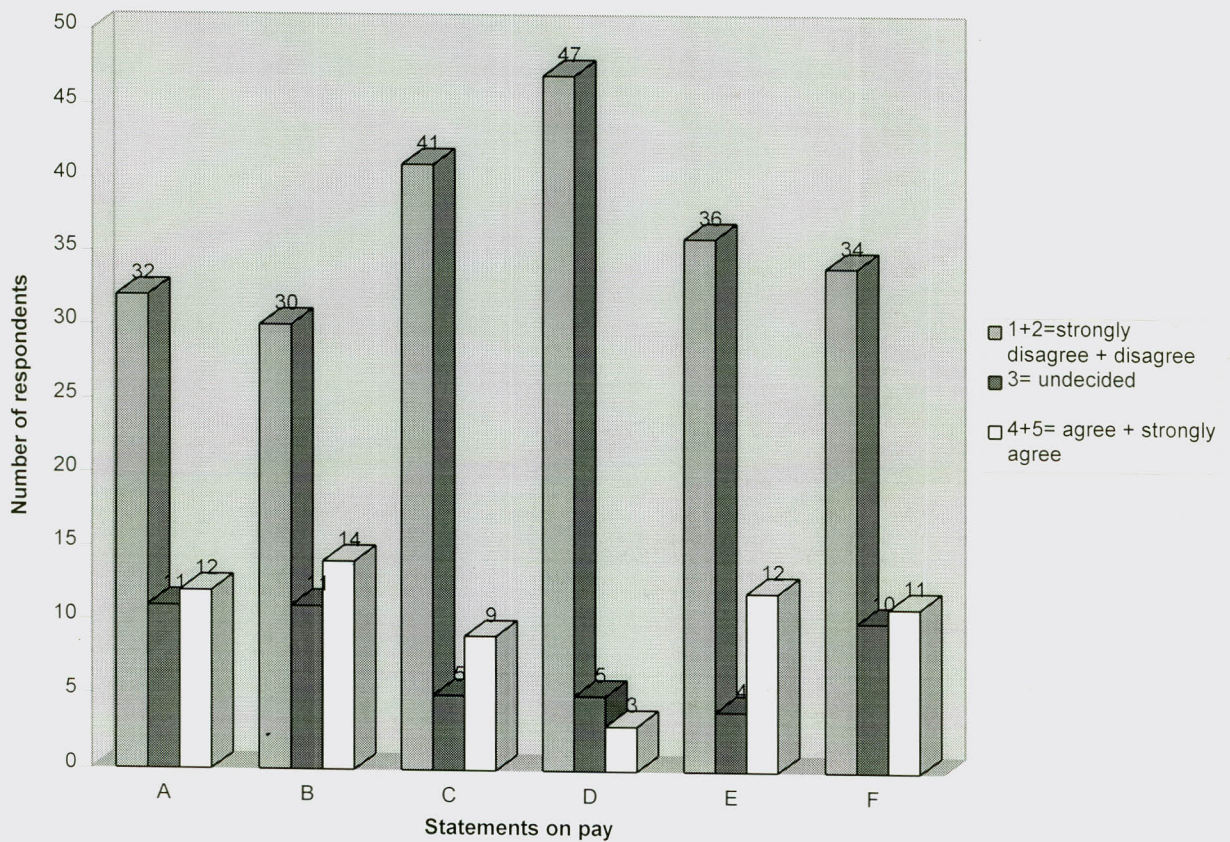
Table 3.3 shows Salary scale respondents

From the above table shown statements A, C, and F have the highest responds on strongly disagree on the given salary related statements and statement D and E have highest response on disagree from the given statements.

Table 3.3 shows Salary scale respondents

From the above table shown statements A, C, and F have the highest responds on strongly disagree on the given salary related statements and statement D and E have highest response on disagree from the given statements.

Even though strongly disagree and disagree have different extent on the given statements related on salary, they have correlation for my findings have positive responses from may study. So I have used these responses jointly for the purpose of drawing the and graph to draw conclusion. And agree and strongly agree responses have correlation which have positive response for respondents.



*Fig.1 Responses on pay*

From the questionnaires response 1+2 and 4 +5 have correlation for my finding. From the above graph it is obvious that most employees indicated that there is strongly disagree and disagree on pay or salary of the organization except the statement which written on “B”. As shown in the above graph the number indicated on the graph which makes the response rate 58.18%, 74.54%, 85.45, 65.45%, 61.82% on the statements of A,C, D, E, and F respectively. These rate of response show the highest than of undecided and agree and strongly disagree on the pay-related statements.

The above responses show that the employees are highly dissatisfied on their salary. So this affect the banks total activities and leading them to leave the organization in order to find good job opportunity.

Questions regarding the amount of fringe benefit was raised the response obtained are shown below. That is G.H and I

Statement on fringe benefit	Number of respondent				
	1=Strongly disagree	2= disagree	3= undecided	4= Agree	5= Strongly agree
G = Major fringe benefit provide Excellent coverage	17	21	11	5	1
H = Your organization understand what Your fringe benefit are Determined by considering all Factors in the market	10	11	12	18	4
I = Employees are satisfied with the Given fringe benefit	16	21	11	6	1

Table - 3.4 Statements on fringe benefits and the number of responses

As shows in the above table the highest figure is obtained by respondents saying disagree and strongly disagree on statement G and I. On the subjective response, fringe benefits of the bank is almost the least of all governmental and private banks.

Those responses 1 + 2, 3 and 4 +5 make the response rates was shown below.

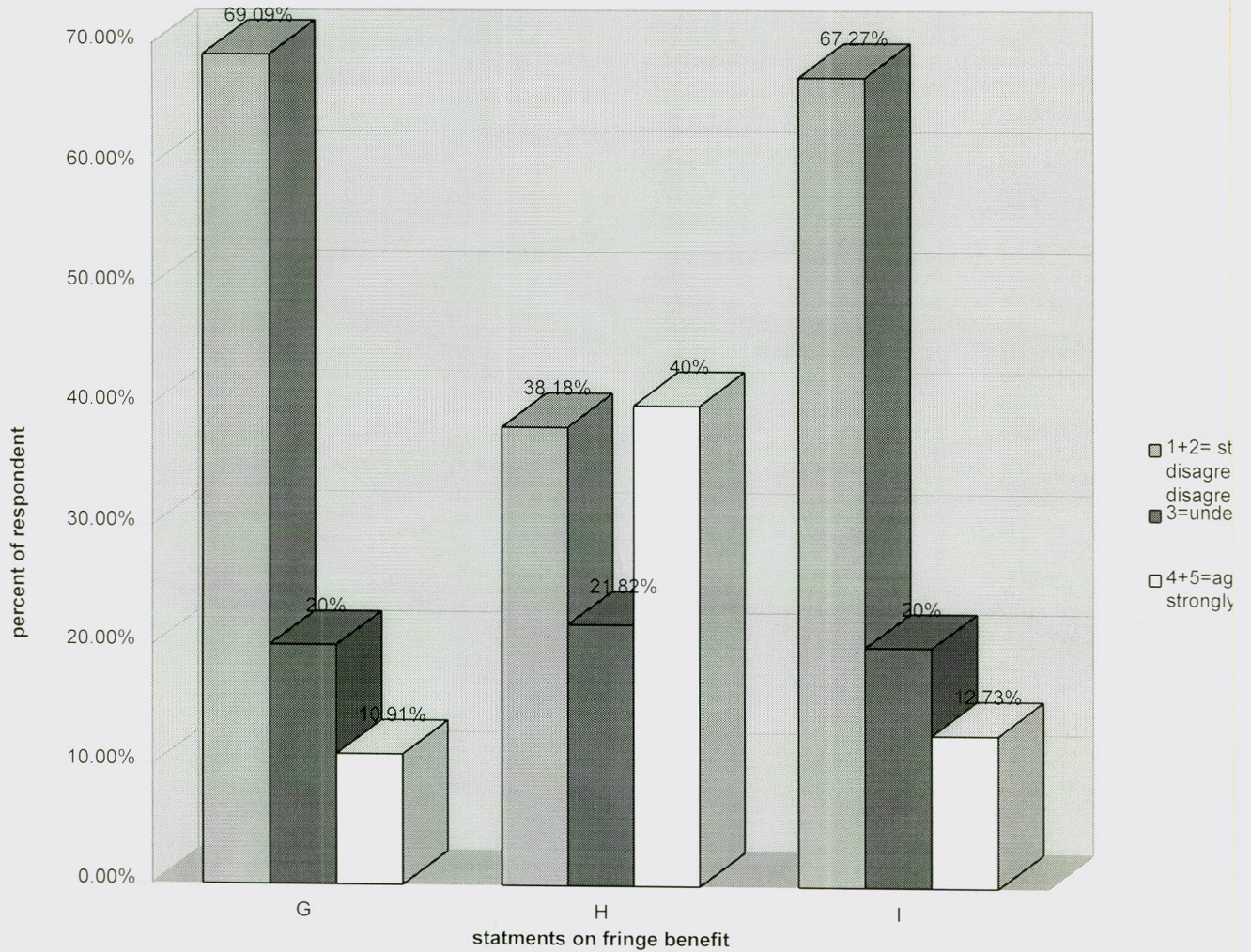


Fig. 2 Rate of response on fringe benefit

The above the above graph shows fringe benefit is root causes of turnover as highly responded on statement G and I. This chart also shows identical or similar to the table on fringe benefit. But due to their correlation of strongly disagree and disagree, agree and strongly agree are expressed on the graph jointly.

### Working environment

From the questionnaires, respondents give their own response on the working condition by considering the given alternatives in addition to their subjective responses. The quantified responses have shown below in the table.

	Male	Female	Total	Rates
Conductive	9	3	12	21.81%
Moderate	15	4	19	34.55%
Non-conductive	16	8	24	43.64%

Table 3.5 responses on working environment

From the above table shown the working conditions are not conformable which is non-conductive 24 respondents indicated that the working environment are not good which make the response rate 43.65% which was the highest rate when we compare to those of conducive and moderate responses. Some factors that make non-conductive working environments are as follows: -

- Forced assignment to transfer outlying branches without unsatisfactory salary Increment and poor fringe benefit allowance

- Outdated working environment, that is in this company almost all branches are not computerized. So it has not access to current information about current Market.
- The main and the big problem of the organization caused by the on management system that arise due to ignorance of most authorities to motivating themselves and the workers to the growth of the bank. This is caused by the wrong assignment of persons on the necessary position of the bank (that is) the assignment of position are not based on their qualification and on their talents. This also affects its day to day activities.
- There is no strong job security for their job and future life. For example, in one thing the state of the organization is not yet decided, that is, whether it is going to be privatized or not. Therefore, it is in between. So the security of the employee by this time is under question mark and they do not feel secure.

In this case, the operation of the bank becomes weaken. In another thing the bank gives medical services at least of their wife/husband and their child and they doesn't have full medical coverage.

Example, The cost of eyeglass is not covered by the organization totally.

The above listed and other factors make high rate of employee turnover in the construction and business bank, and such factors lead the bank to become weak on their performance because the employee don't feel to be responsible on their job and are not satisfied. These weaknesses of the bank are understood. The management do not reduce turnover, shifting of customers to other bank, arrears of the bank is increasing and its return on asset becomes less and others weakness are indicated on the response of subjective questions.

### 3.3 Questionnaire responses from left employees

There were seven respondents who responded to the questionnaires, all of them employed from private banks like Dashen Bank, Nib bank, Abissinia Bank. Of which,

4 = were from Dashen Bank

2 = were from Abissinia Bank

1 = were from Nib bank

The reason why they left is <sup>due</sup> to unfair compensation from the bank. All of them, after they left the bank, have good chances especially on salary scale and fringe benefits than the previous bank (CBB).



### 3.4 Summarized Discussion

To assess the root causes of employees' turnover in case of Construction and Business Bank the data were collected from 3 different bodies. Such as employees who exist in the bank, employees who left the bank and personnel departments.

Total number of turnover or ratios are high relatively to the total number of employees who are graduated and to their experience. So the interview were conclude that the scale of salary and fringe benefit of this particular bank are lower than those of newly opened private banks and commercial bank of Ethiopia.

The responses of both cases of employees are similar and from their responses I conclude that almost 90% of ht employees are agreed and their response of percentage on salary scale and fringe benefit are summarized below.

<b>I. Salary</b>			
Statement	Sample percentage response on their correlation		
	Strongly disagree + disagree	Undecided	Agree + strongly agree
A	58.18%	20%	21.82%
C	74.54%	9.1%	16.36%
D	85.45%	9.1%	5.45%
E	65.45%	12.73%	21.82%
F	61.82%	18.18%	20%
<b>II. Fringe benefit</b>			
G	69.09%	20%	10.95%
I	67.27%	20%	12.73%

**Table - 3.6** Summary on salary and fringe benefit.

The following are the root causes of employees turnover:-

1. Small scale of salary
2. Low fringe benefit

- 20  
50  
142  
46
3. Forced assignment
  4. Working environment
  5. Length of loan approving channel
  6. Lack of current information about current market
  7. No further education opportunity

More of the above causes of turnover are supported by objective question responses. Averagely about 85.45% of employees are dissatisfied on the given salary scale, about 67.27% of employees are dissatisfied on the banks fringe benefit, about 43.64% of employees are agreed on uncomfortable working condition and almost all employees agreed on the other factors. These are the root causes of employees' turnover in this particular bank.

From the sample responses on the given subjective and objective questions I can conclude that the above root causes of employees turnover: In case of construction and Business Bank are also the response of the total employees in this bank. Because of their subject to turnover in this organization college and University graduated employees are strongly agree on the above listed factors.

For the reliability of the data and information, the data were collected from three different groups. Intern used to compare their responses on the three group questionnaires about the root causes of turn over in this particular bank. And their responses are almost the same on their subjective responses, especially the responses of employees existing in the bank and employees who are left the bank give identical (Similar) responses about causes of turn over in this company. These respondents were cited a great emphasis especially on the above listed factors.

To sum up, the high rate of turnover present in this bank in all year relative to the number of educated (graduated), experienced and talented employees. These much rate of

employees' turnover is really affects the organizational operation and this become difficult and more difficult. Because competitions are increase from time to time in the bank industry. So for the aggravated of employee turnover in this particular bank the above listed causes are the root cause of such problem in construction and Business Bank.

## CHAPTER - 4

### CONCLUSION AND RECOMMENDATION

#### 4.1 Conclusion

The study made due to the severity of employees turnover in most organization especially in construction and Business bank. Due to the stated causes the bank is facing a problem to achieve the organizational goals and objective efficiently and effectively.

The research had been conducted mainly to assess the root causes of employee turnover in construction and Business bank and points the management to take corrective action so as to minimize the severity of employee turnover. Unless the organization employment corrective action on factors of employment turnover, it is likely to loss its efficient manpower and will create delyness of the work and incurring high cost for replacing the left one.

The construction and Business bank should be able to give especial consideration to the issue. Because any thing or any job can not performed with out the key resources of manpower. So that in order to maintain talent and competent workers, the organization must avoid such factor that will contribute to turnover in certain extent. Other wise, the organization can not compute with other bank in the industry and become inefficient in its performance and it can intern be the other causes of employees' turnover. So according to my finding very small-scale salary forced assignment, low fringe benefit lack of employees' security. The company's week performance which is unable to compute to other banks, management problems, out dating working environment and future darkness existing in the bank associated with unsatisfactory incentive i the bank are cited as the root causes . These are also associated with the ambition of workers to leave for and search a better job opportunities and with poor leaving standard existing in Ethiopia as being one of the least developing countries. This real problem is more aggravated because of the above listed causes.

Although there are several reasons that can be explained as to why an individual leaves, the above reasons are considered as the root causes, which escalate employee turnover in this particular bank.

*Kalk*

#### **4.2 Recommendation**

Construction and Business Bank is one of commercial banks in Ethiopia. In addition, it is only bank, which gives long term loan (Mortgage) to the customer in order to improve urban life standards, Truism and Hotels in the country. It gives a loan for 30 years for construction and for 10 years for business activities. So it always face capital shortage and stiff competition from different banks in different dimension. In order to bit the competition it should be able to maintain and keep talent and experienced staffs and improve their knowledge by providing off job and on job training. To perform such and other activities the management must be assess the over all current market condition in same industry and other industries to readjust them selves or to reorganize the bank. To have competition position in the market the company should seeking and gathering information not only from home country but also from host countries.

Identifying the problem by itself is half solving, but it will not enough. In addition to looking forward as to how to improve and reverses the whole situations strong follow up these situations is very important to become competitor position in the bank industry. as if completely avoiding employees turnover is impossible, reducing its severity into a low rates of turnover would be achievable.

So construction and Business Bank has to realize the fact that their employees have to have at least equal chance to other bank industry.

Construction and Business Bank can be able to maintain its efficient work forces by various means suggested below:-

- 1- increasing salary scale which indicated as the root causes of employees turnover. Consequently will be able to maintain or keep its manpower to Achieve its predetermined objectives and goals without violating the rules and regulations of government. Increase salary scale in the form of: give the employees equal chance in other banks, by provide good position in terms of their efficiency in their tasks, and by improving their status and qualification in terms of further education long term and short term training in the country and abroad.
- 2- Fringe benefit:- employees need good incentives for their job. It gives for employee in different form such as by providing a long term loan and association of house construction to improve their staff living standards, house service, transportation service full medical coverage, desert allowance and the like motivate employees to have responsibility on their job and to minimize the rate of employee turnover.
- 3- Try to reduced forced assignment as much as possible or the bank should compensate this forced assignment by increasing sufficient salary and fringe benefit in order to motivate workers and to accept their forced assignment hearty.
- 4- Strong job security is necessary for employees' brightness for future works. If not, employees do not feel an accountable on their tasks. So to have responsibility on their jobs and to accomplish their task properly; their security should be strong.
- 5- The over all working conditions have a great roles like those salary scale and fringe benefit. So the management should assign the right person at right position, provide the necessary supplies for the activities, try to reduce manual operation by providing computerized activities, and the management share important ideas and close discussion with the lower level.

- 6- As we are living in the age of information technology; the management should assess the current environment of the bank industries continuously since the business environment is turbulent. To accomplish these bank activities and to achieve its goal, information are used as one of resources of input in the bank industry.

To sum up construction and business bank should minimize the severity of employees' turn over by assessing the root causes and taking corrective actions on this causes. Continuous assessment of current labour market, economic condition and seeking, gathering and analyzing recent information are used to re organizing. Adjusting, economic reformation of the bank. The minimization of employees' problem will be the minimization of organization inefficiency and the reverses also true.



JIMMA UNIVERSITY  
FACULTY OF BUSINESS

A questionnaire on assessment of the root causes of turnover in the case of construction and Business Bank.

Dear respondent the purpose of these questionnaires is to collect data on factors those causes of turn over in your organization. There for, you are kindly requested to respond genuinely.

Name \_\_\_\_\_ Sex \_\_\_\_\_

Position \_\_\_\_\_ Status \_\_\_\_\_ Salary \_\_\_\_\_

1. Are their opportunities for promotion? Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, which one do you favor Merit based \_\_\_\_\_ Seniority based \_\_\_\_\_ both \_\_\_\_\_
2. Does your organization provide recognition for the work well done? Yes \_\_\_ No \_\_\_  
If no, please specify the possible reason \_\_\_\_\_.
3. Are goals of your organization adequately communicated to you? Yes \_\_\_ No \_\_\_
4. Does your organization offer an opportunity for personnel growth and development?  
Yes \_\_\_ No \_\_\_
5. Are you responsible and accountable to your job?  
Yes \_\_\_ No \_\_\_ is no why \_\_\_\_\_.
6. Is the organization providing training for employees to change working environment?  
Yes \_\_\_ No \_\_\_  
If yes, what type of training - Long term \_\_\_\_\_  
- Short term \_\_\_\_\_ - On job training \_\_\_\_\_  
- Off job training \_\_\_\_\_
7. How do you appraise the general working conditions?  
- Conducive \_\_\_\_\_ - Non conducive \_\_\_\_\_  
- Moderate \_\_\_\_\_
8. What is employee attitude towards the organization?  
V. good \_\_\_\_\_ good \_\_\_\_\_ Indifferent \_\_\_\_\_ bad \_\_\_\_\_
9. Is there over qualified employees in your organization? Yes \_\_\_\_\_ No \_\_\_\_\_
10. Is their involuntary turn over? Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, what is the cause lateens \_\_\_\_\_ absenteeism \_\_\_\_\_ other \_\_\_\_\_
11. Are turnover causes job related? Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, why \_\_\_\_\_

12. Mostly turn over occurs in your organizations.  
 Job related \_\_\_\_\_ non job related \_\_\_\_\_ poor tit \_\_\_\_\_
13. Is the organization try to reduce turn over? Yes \_\_\_\_\_ No \_\_\_\_\_
14. Is your organization has insurance coverage for employee? Yes \_\_\_\_\_ No \_\_\_\_\_
15. Is vacation length depend on employees length service with the organization  
 Yes \_\_\_\_\_ No \_\_\_\_\_  
 If no, why \_\_\_\_\_.
16. Position is given to employees' in terms of, seniority \_\_\_\_\_  
 Status \_\_\_\_\_ Sex \_\_\_\_\_ Other (specify) \_\_\_\_\_

17. The following are pay fringe benefit related questions, please circle the response number that the best describes have you feel about the statement.

1. Strongly disagree 2= Disagree 3= Undecided 4= Agree 5= Strongly Agree  
 Strongly

Strongly

	<u>disagree</u>	<u>Disagree</u>	<u>Undecided</u>	<u>Agree</u>	<u>Agree</u>
A. The organization pay all right for the Kind of work do	1	2	3	4	5
B. Your organization pays has discrimination	1	2	3	4	5
C. Your organization allows to keep up employees with the cost of living	1	2	3	4	5
D. Employees satisfy with pay recieve for their job	1	2	3	4	5
E. Most employees at CBB get paid at least what they deserve	1	2	3	4	5
F. The organization under stands how employee salary determined	1	2	3	4	5
G. Organization major fringe benefit plan provides excellent coverage	1	2	3	4	5
H. Your organization understand what your fringle benefit are	1	2	3	4	5
I. The employees satisfy with the given fringe benefit are	1	2	3	4	5

18. What changes if any, should be made to the organization pay system. \_\_\_\_\_

19. What , if any thing should be done with the organization fringe benefit plan \_\_\_\_\_

20. what is the over all and major causes of turn over in your organization \_\_\_\_\_

## FOR EMPLOYEES WHO ARE LEFT THE ORGANIZATION

Employee's Name \_\_\_\_\_ Status \_\_\_\_\_  
Sex, Male \_\_\_\_\_ Female \_\_\_\_\_  
Position \_\_\_\_\_

1. What is your Reason for leaving ? \_\_\_\_\_  
\_\_\_\_\_
2. Did you had another position at that time? Yes No  
If yes, How did it compared with CBB (IE. Salary Benefits Hours, Working  
condition) \_\_\_\_\_  
\_\_\_\_\_
3. How does your salary compare with CBB and Benefites \_\_\_\_\_  
Lower Equal Higher Much higher \_\_\_\_\_
4. What could be have done the org. to prevent turn over \_\_\_\_\_  
\_\_\_\_\_
5. Were the condition 9 work, salary hours of work ----- clearly explained for you?  
Yes Formally  
No \_\_\_\_\_ Informally
6. Was your position best? Yes No \_\_\_\_\_
7. What is your feeling about your progress in CBB \_\_\_\_\_
8. Do you like your supervisor Yes No \_\_\_\_\_
9. Where you get information when you need \_\_\_\_\_
10. Have you discuss with your supervisor openly on the work?  
Yes Formally  
No \_\_\_\_\_ Informally
11. Complain is possible in the org ? Yes No  
If yes, is your supervisor handle your complain ? \_\_\_\_\_  
\_\_\_\_\_
12. What is your over all suggestion to make the org. the best or to allivate turnover in  
construction and business Bank \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Assessment the root causes of turn over in construction and Business Bank.**  
**Proposed questionnaire for personnal department of construction and Business Bank.**

1. Are the employees who are left the organization had resign form ?  
 Yes    No    If No why \_\_\_\_\_
  
2. Is your bank ask the employee who left the bank ?    Yes    No  
 If no why \_\_\_\_\_  
 If yes    Exit interview                      Post employee survey  
 Why \_\_\_\_\_
3. In what position they leave ?    higher                      lower  
 Why \_\_\_\_\_
  
4. Standards of your organization salary.    good                      very good                      poor                      fair
5. Benefits and compensation    Satisfactory    not satisfactory  
 If not, why \_\_\_\_\_
  
6. From where employee obtain information ? \_\_\_\_\_  
 \_\_\_\_\_
  
7. Is your organization open to accept their complaints?    Yes    No  
 If no why \_\_\_\_\_
  
- 8: Is your organization take anaction depend on their complaints in order to reduce turn over?    Yes                      No  
 If No why \_\_\_\_\_
  
9. Assignment of position is , relatively performance    Senarity    Qualification    Others  
 If others explain \_\_\_\_\_
  
10. Promotion and continue education is interns of,    Seniority base    Performance  
 Others    If other , what is it \_\_\_\_\_
  
11. Is the working environment harmonious ?    Yes ,    No  
 If No why \_\_\_\_\_
  
12. what is the over all measurement of your employees performance and the way to reduce the rate of turn over \_\_\_\_\_  
 \_\_\_\_\_

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Research methods



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